JANUARY 13, 1986

CableVision

THE NEWS AND FEATURES WEEKLY OF THE CABLE TELEVISION INDUSTRY

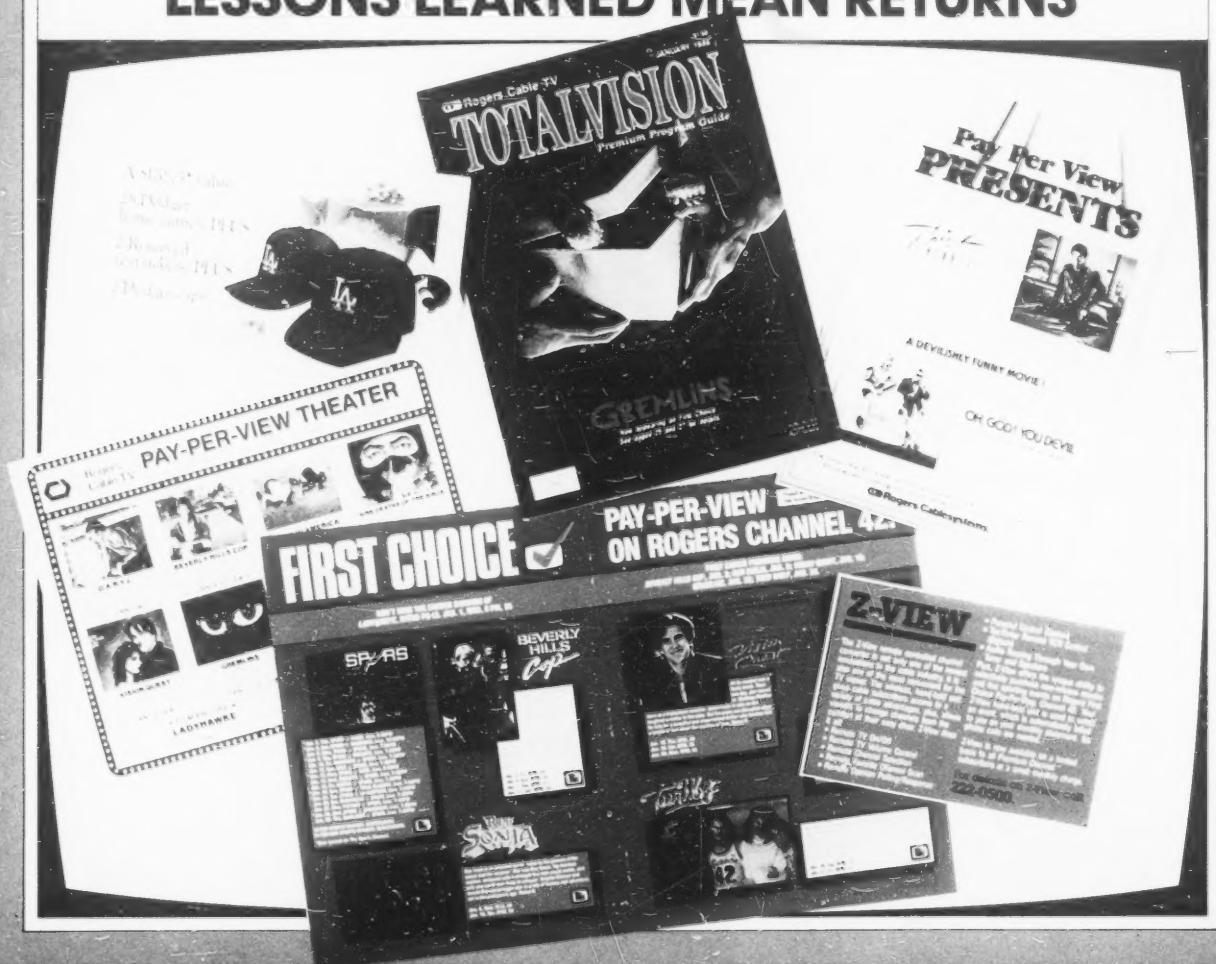
GROUP W CABLE DEAL COMING INTO FOCUS

WARNER AMEX TO BID ON BANKRUPT MMDS FIRM

FCC OFFICIAL PRAISES INTV MUST-CARRY PLAN

AD INTERCONNECT REPORT: QUESTIONS GETTING ANSWERED

ROGERS AND PAY-PER-VIEW: LESSONS LEARNED MEAN RETURNS



CableVision

LEADING THE WEEK

Group W Cable Division 11
Although not yet signed, sealed and delivered, Group W has begun divvying up its systems to winning bidders TCI, ATC and Comcast.

Warner Amex bids on MMDS 12
Warner Amex has made a $500,000 bid and plans to assume $500,000 in liabilities for the Milwaukee assets of Movie Systems Inc.'s bankrupt MMDS operation.

USA for sale 13
Time Inc. has placed a $40-million price tag on its stake in USA Network for a probable deal with co-owners MGA and Paramount Pictures.

HBO, Cinemax scramble 14
Home Box Office and Cinemax break the ground as the first satellite-delivered programmers to begin full-time scrambling and market their services to backyard dish owners.

Pole rate dispute 16
Cable operators in Louisiana can now go to the Federal Communications Commission with their pole attachment disputes after a Louisiana state appeals court ruling.

Turner, Viacom return to table 16
Turner Broadcasting and Viacom International have taken up where they left off in their talks over the sale of MGM.

Montgomery Cty. ruling due 17
Probably the first judicial interpretation of the franchise renegotiation provisions of the 1984 Cable Act will be made by the 4th Circuit Court of Appeals on the Montgomery County case.

Not cable friendly 20
Congressional speakers at the INTV conference disclosed their willingness to let the FCC come up with a must-carry solution in line with the INTV proposal.

Hard line on system sales 22
A board member of NATOA is telling cities to more closely scrutinize system sales. Yet NCTA cautions that subscribers may be the losers if this "get tough" attitude prevails.

TOPICS

Programming 23
Comedy Television plans to do for humor what MTV did for music videos.

Management 24
Valley Cable in Los Angeles dealt with the problem of abandoned calls from subs by installing an automated phone answering system. Their solution may be viable elsewhere.

Business 31
The Washington Post has completed acquisition of Capital Cities' 5.7 cable systems, paying 12 times the systems' 1985 cash flow.

32
Doug Dittrick, president of Tribune Cable, has withdrawn his offer for four systems from the Tribune Co. as Jones Intercable offered big bucks for nine other Tribune systems.

Advertising 36
Cable system operators are facing the challenge of adapting their interconnects to meet local market conditions. Advertising in selected cities across America is explored.

Departments

People 40
Events 41
Products 42
Classifieds 45
Advertisers' Index 47
Cable Stats 48
Parting Words 50

Cover story 26
Rogers Cablesystems is learning how to make pay-per-view succeed. Their experience in four cities could help other MSOs with their own PPV efforts.

CAB: Cable gained on broadcast

NEW YORK—Basic cable services increased their viewership during the 1984-85 television season at the expense of broadcasters. That's the picture Cabletelevision Advertising Bureau officers sketched last week after analyzing data from A.C. Nielsen's latest Cable Status Report.

The survey, which tracks household usage of TV on a 24-hour basis, concluded that for the year ending last September, the combination of basic cable networks and superstations averaged a 24 share of audience each week in its universe, up from a 21 share the previous season. They also teamed for a 14 share among all television homes, compared with a 12 share the year before.

Within cable's subscriber base, broadcast network affiliate viewing dipped to a 56 average weekly share from the 58 share reached in the 1983-84 season, according to Nielsen's report. Independent stations recorded a 12 share in that universe, down one share point from a year ago, while public television remained even over both seasons at a 3 share. When non-cable homes are figured in, broadcast network stations averaged a 66 share, down from 69 the previous year; independents finished with a 15 share as opposed to 16 the year before the public TV maintained its 3 share average.

"The significant thing about the new numbers is that (they) show a continuous growth (pattern) for advertiser-supported cable," noted CAB President Bob Alter. "There's been a lot of talk (lately) about the growth of independent stations, but (the study indicates that they) are facing increasing competition from basic cable," he said.

Pay services achieved an 11 share among all cable homes in Nielsen's '84-'85 survey, equal with the previous season's result. —*Simon Applebaum*

WEEKLY VIEWING IN TELEVISION HOUSEHOLDS

ALL CABLE HOUSEHOLDS

Service	*Audience Share 1984-1985*	*Audience Share 1983-1984*	*% Change In Share*
Satellite-fed basic	15	13	+ 15
Superstations	9	8	+ 13
Pay services	11	11	no change
Broadcast network affiliates	56	58	– 3
Independent stations	12	13	– 8
Public TV stations	3	3	no change

PAY CABLE HOUSEHOLDS

Service	*Audience Share 1984-1985*	*Audience Share 1983-1984*	*% Change In Share*
Satellite-fed basic	15	13	+ 15
Superstations	9	8	+ 13
Pay services	18	18	no change
Broadcast network affiliates	51	53	– 4
Independent stations	12	13	– 8
Public TV stations	3	3	no change

ALL TV HOUSEHOLDS

Service	*Audience Share 1984-1985*	*Audience Share 1983-1984*	*% Change In Share*
Satellite fed basic	8	6	+ 33
Superstations	6	6	no change
Pay services	6	5	+ 20
Broadcast network affiliates	66	69	– 4
Independent stations	15	16	– 6
Public TV stations	3	3	no change

Source: *A.C. Nielsen Cable Status Report and Cabletelevision Advertising Bureau*

There's No 'Morning After' With A.C.T.

ACTIVE COMMUNICATIONS TEAM, INC.

COMMUNICATIONS DESIGN
JEN MAR CONSTRUCTION
LINE SYSTEMS, INC.
AMERICAN COMMUNICATION INSTALLATIONS, LTD.
RCH CABLE MARKETING
LINNEA, INC.

609/728-5548
609-227-8296

CABLE STATS

Cable Industry Growth Chart

YEAR	TVHH	Homes Passed	Basic Subscribers	% of TVHH	Pay Subscribers	% of TVHH
1990E	93,900,000	81,783,000	50,706,000	54	32,956,000	35
1989E	92,800,000	79,109,000	48,250,000	52	30,883,000	33
1988E	91,000,000	75,833,000	45,500,000	50	28,665,000	32
1987E	89,300,000	71,137,000	41,971,000	47	26,022,000	30
1986E	87,800,000	68,121,000	39,510,000	45	24,101,000	27
1985	86,304,000	64,571,000	36,120,000	42	21,672,000	25
1984	84,600,000	59,989,000	32,994,000	39	19,764,000	23
1983	83,500,000	53,641,000	30,300,000	36	17,877,000	21
1982	82,800,000	49,100,000	28,200,000	34	15,898,000	19
1981	80,700,000	44,000,000	22,586,000	28	11,804,000	15
1980	77,800,000	37,300,000	18,672,000	24	7,780,000	10
1979	76,300,000	32,700,000	16,023,000	21	5,341,000	7
1978	74,500,000	27,200,000	14,155,000	19	2,980,000	4
1977	73,300,000	24,894,000	13,194,000	18	1,406,000	2
1976	71,114,000	21,989,000	12,094,000	17	505,000	1
1975	69,600,000	19,900,000	11,136,000	16	N/A	N/A

Source: Cable Data Corporation (TELEVISION & CABLE FACTBOOK)

Cable barometer

Television households (TVHH) 86,304,000

Homes passed by cable (HP) 64,571,000

Percent of TVHH passed by cable 74.7%

Basic cable subs 36,120,000

Percent of TVHH with basic cable 41.8%

Percent of HP with basic cable 56.0%

Pay cable subs 21,672,000

Percent of TVHH with pay cable 25.1%

Percent of HP with pay cable 33.6%

Percent of basic subs with pay cable 60.0%

Source: Cable Data Corporation (TELEVISION & CABLE FACTBOOK) (COMPILED FROM SURVEYS AS OF 6/30/89)

Satellite lineup

Satcom III-R (RCA Americom) — Transponder

Satcom IV (RCA Americom) — Transponder

Westar IV (Western Union) — Transponder

Westar V (Western Union) — Transponder

Telstar 303 (AT&T) — Transponder

Galaxy I (Hughes) — Transponder

Aurora F5 (Alascom) — Transponder

Note: A complete listing is permitted only following a service or network deregulation (by transponder owner).

Source: International Thomson Communications Inc.

Top 100 MSOs

Rank	Multiple system operator	Basic subs

Subscriber counts are provided by MSOs and in some instances by International Horizons Communications, Inc. Figures will be updated quarterly, unless information is provided to *MSOs* in between. Send updates to CableVision, Attention: Cable Nos., P.O. Box 5276, Denver, CO 80217.

Top 100 systems

Rank	Location	Operator	Basic subs

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, p. 4, 48-49.

JAN

20

1986

JANUARY 20, 1986

CableVision

THE NEWS AND FEATURES WEEKLY OF THE CABLE TELEVISION INDUSTRY

FCC SETS LIMITS ON LOCAL DISH ORDINANCES

NBC EXPLORING NEWS LINK WITH EXISTING CABLE NETS

HBO RETURNING TO CO-PRODUCTION DEALS

PAY PROGRAMMERS CHART NEW MARKETING COURSES

CABLE AT NATPE: EVER WIDER 2-WAY STREET

CableVision

LEADING THE WEEK

FCC pre-empts dish zoning 6
The TVRO industry claimed a "major victory" after the Federal Communications Commission voted to pre-empt dish zoning ordinances, but uncertainty remains about the ruling.

NBC News 6
With NBC News ready to scrap plans for a 24-hour service, the broadcast news division remains committed to a cable connection with an information feed to an existing cable service emerging as the most likely alternative.

Scrambled signals 11
Now that Home Box Inc. has begun scrambling its services, it turns to the business of selling those services to a reluctant TVRO market. Meanwhile, Showtime has delayed its encryption test.

Storer steps down 12
After four decades, Peter Storer has retired and turned over his duties as chairman and chief executive officer of Storer Communications Inc. to Terry Lee.

Mooney on must-carry 14
NCTA President James Mooney outlined the cable industry's position on must-carry before the National Association of Broadcasters Television Board of Directors meeting.

Viacom Cable Group 14
Viacom International Inc. has formed Viacom Cable Networks Group, designed to stimulate dialogue and sharing of resources among its cable networks.

Lewis resigning 16
April 1 will be the last day for Drew Lewis, chairman and chief executive officer of Warner Amex Cable Communications. Lewis will resign after a little more than two years on the job.

HBO co-producing 17
Home Box Office has returned to co-producing movies after agreeing to put up more than $10 million for Orion Picture's upcoming comedy *Three Amigos*.

Turner, MGM restructure deal 18
MGM/UA and Turner Broadcasting have restructured the deal under which Turner is to acquire MGM/UA, lowering the cost of the deal.

Canadian Superstation 20
The Canadian cabinet will review a proposal from the Canadian Broadcasting Corp. for a "superstation." The CBC hopes to counter U.S. television in Canada by transmitting Canadian programming to the United States.

Preferred briefs 22
The U.S. Supreme Court has heard from Los Angeles, the National Association of Broadcasters and several city groups urging the reversal of the Preferred decision in briefs filed with the high court.

Obscenity issue 23
Cable operators in Pennsylvania and Florida are preparing to battle local forces intent on controlling obscenity on their television sets.

TOPICS

Marketing 24
Pay television plans to focus on titles, themes and freebies as 1986 marketing efforts seek new subscribers.

Business 33
Times Fiber is seeking either a joint venture partnership or the sale of its Mini Hub II product line, a strategy which would allow the company to "capitalize on that asset without going broke."

Departments

People 40
Products 41
Events 42
Classifieds 45
Advertisers' Index 46
Cable Stats 48
Parting Words 50

Cover story 26
Syndication of cable programming to broadcast television is increasing as cable continues to be a prime market for off-network programming. Some of the off-cable shows being syndicated (shown clockwise on the cover) include Nickelodeon's *Dangermouse*, USA Network's *Check It Out* with Don Adams, Showtime's *Brothers*, CBN's *The Flying House* and HBO's *All the Rivers Run*.

Pay Per View Supply Chart

A listing of movies and events entering PPV distribution over the next three months.

February

	Source
Agnes of God (2/1) MPAA Rating: PG-13 Cast: Jane Fonda, Anne Bancroft, Meg Tilly Running Time: 99 mins.	Columbia
Alice in Wonderland (2/28) MPAA Rating: G Cast: Animated Running Time: 72 mins.	Disney
Beer (2/28) MPAA Rating: R Cast: Loretta Swit, Rip Torn, Dick Shawn Running Time: 92 mins.	HBO Enterprises
Flesh and Blood (2/28) MPAA Rating: R Cast: Rutger Hauer, Susan Tyrrell, Jennifer Jason Leigh Running Time: 126 mins.	HBO Enterprises
Jagged Edge (2/1) MPAA Rating: R Cast: Jeanne Close, Jeff Bridges, Peter Coyote, Robert Loggia Running Time: 109 mins.	Columbia
Key Exchange MPAA Rating: R Cast: Brooke Adams, Ned Allen, Sammy Heath, Ken Wahrer Running Time: 96 mins.	20th Century Fox
The Ninth Configuration MPAA Rating: R Cast: Stacy Keach, Scott Wilson, Jason Miller, Ed Flanders Running Time: 100 mins.	New World
Pale Rider (2/12) MPAA Rating: R Cast: Clint Eastwood, Michael Moriarty, Carrie Snodgress, Christopher Penn Running Time: 116 mins.	Warner Bros.
Real Genius (2/6) MPAA Rating: PG Cast: Val Kilmer, Gabe Jarret, Michelle Meyrink, William Atherton Running Time: 108 mins.	Tri Star
Return to OZ MPAA Rating: PG Cast: Fairuza Balk, Piper Laurie, Nicol Williamson, Jean Marsh Running Time: 109 mins.	Disney
Secret Places (2/1) MPAA Rating: PG Cast: Marie-Trintie Balin, Tara Mackenzie-Gamble, Jenny Jones, Annette Running Time: 99 mins.	20th Century Fox
Standalone (2/13-2/19) MPAA Rating: R Cast: Charles Durning, Pam Grier, Jimmy Kaan Running Time: 94 mins.	New World
The Stuff (2/13-2/19) MPAA Rating: R Cast: Andrea Marcovicci, Michael Moriarty, Scott Bloom Running Time: 86 mins.	New World
Volunteers (2/16) MPAA Rating: R Cast: Tom Hanks, John Candy, Rita Wilson Running Time: 106 mins.	HBO Enterprises
Year of the Dragon (2/16) MPAA Rating: R Cast: Mickey Rourke, John Lone, Arnie Running Time: 124 mins.	MGM/UA
Summer Rental (2/27) MPAA Rating: PG Cast: John Candy, Richard Crenna, Karen Austin, Rip Torn Running Time: 86 mins.	Paramount

March

	Source
Commando (3/6) MPAA Rating: R Cast: Arnold Schwarzenegger, Dan Hedaya, Vernon Wells, Lyle Alzado Running Time: 90 mins.	20th Century Fox
Compromising Positions (3/26) MPAA Rating: R Cast: Susan Sarandon, Raul Julia, Edward Herrmann, Judith Ivey Running Time: 100 mins.	Paramount
Mad Max Beyond Thunderdome (3/19) MPAA Rating: PG-13 Cast: Mel Gibson, Tina Turner Running Time: 107 mins.	Warner Bros.
Mask (3/1) MPAA Rating: PG-13 Cast: Cher, Sam Elliott, Eric Stoltz Running Time: 95 mins.	Universal
Maxie (3/27) MPAA Rating: PG Cast: Glenn Close, Mandy Patinkin, Barry Corbin, Harry Dean Stanton Running Time: 97 mins.	HBO Enterprises
Silver Bullet (3/20) MPAA Rating: R Cast: Gary Busey, Everett McGill, Corey Haim, Megan Follows Running Time: 95 mins.	Paramount
Transformers 5000 (3/27-4/1) MPAA Rating: R Cast: Jeff Conaway, Eric Boardman, Joe Piscopo, Frank Stallone Running Time: 92 mins.	New World
Weird Science (3/1) MPAA Rating: PG-13 Cast: Michael Anthony Hall, Robert Downey Running Time: 94 mins.	Universal

April

	Source
The Annihilators (4/25) MPAA Rating: R Cast: Christopher Mayer, Gail Wood, Lawrence Mortorff, Robert Lansdale, Jim Haynes Running Time: 90 mins.	New World
Bad Medicine (4/3) MPAA Rating: PG-13 Cast: Alan Arkin, Steve Guttenberg, Julie Bruggeman Running Time: 90 mins.	20th Century Fox
Creator (4/1) MPAA Rating: R Cast: Peter O'Toole, Mariel Hemingway Running Time: 108 mins.	Universal
The Glenn Miller Story (4/1) MPAA Rating: G Cast: James Stewart, June Allyson, Louis Armstrong Running Time: 112 mins.	Universal
My Man Adam (4/20) MPAA Rating: R Cast: Raphael Sbarge, Paul Diamond, Veronica Cartwright, Dawn Dunlap Running Time: 92 mins.	Tri Star
National Lampoon's European Vacation (4/10) MPAA Rating: PG-13 Cast: Chevy Chase, Beverly D'Angelo, Dana Hill, Eileen Conn Running Time: 94 mins.	Warner Bros.
Pee Wee's Big Adventure (4/10) MPAA Rating: PG Cast: Pee Wee Herman, Elizabeth Daily, Mark Holton, Diane Salinger Running Time: 90 mins.	Warner Bros.

Note: Running times are approximate.

Data information provided by International Thomson Communications Inc. Inc. chairman

Franchising calendar

This chart examines the franchise status of communities since January 1985.

California

Cerritos—request for proposals issued.
Chino—award to Marsh Media.
Claremont—tentative agreements to award franchise to Masada Corp.
East Yolo—award to Sonic Cable 7 85 (10,000 homes).
La Puente—award to United Cable 11 28 85 (9,200 homes).
Los Altos—awarded to United Cable 12 85 (9,000 homes).
Palo Alto—awarded 10 7 85 to Cable Communications Cooperative of Palo Alto.
Rosemead—award to Falcon Communications 2 26 85 (11,000 homes).
South Monrovia—award to Falcon Communications 9 18 85 (8,300 homes).

Delaware

Wilmington—commission's recommendation under review to City Council.

District of Columbia

Washington, D.C.—award to District Cablevision 7 10 85 (254,000 homes).

Illinois

Chicago—Area I award to Communications and Cable (500,000 homes).
Countryside—award to Cablevision of Chicago 4 3 85 (5,500 homes).
Elmwood Park—award to Continental Cable 12 27 84 (9,000 homes).
Naperville—award to Rite Cable Co. of Illinois Limited. Rite Cable of Illinois also awarded unincorporated areas of DuPage County (11,500 homes).
St. Charles, Geneva—award to Central 2 2 85 (10,000 homes).
Wheaton—award to Central 7 2 85 (16,000 homes).
Winnetka—survey showed interest in cable; issuing request for proposals.
Woodridge—terminated franchising process (260 homes).

Kentucky

Fulton—award to TCI 12 13 84 (2,400 homes).
Lonville—terminated franchise process.
New Haven—award to First Pik.

Maryland

Baltimore—award to United Cable 12 19 84 (100,000 homes).

Missouri

St. Louis—award to STL Cablevision Partners Inc. (70% of city) and St. Louis-City Communications (25% of city) 12 21 84 (107,000 homes).

New York

Mt. Upton—terminated franchise process.
North Salem—award to Community Cable Services 12 84 (1,100 homes).
Portland—cable committee formed to begin franchise process. Tribune Cable-Harborview and U.S. Cable sent letters expressing interest (1,150 homes).

North Carolina

Davie County—award to Surewin Cable.
Jackson—award to Cable East (400 homes).

Ohio

Avon—award to Space Cable of Ohio 1 84 (2,000 homes).
Cleveland—franchise awarded to Northcoast Cable 7 85.
Oberlin—preliminary award to Oberlin Cable Co-op 6 84 (2,600 homes).

Oregon

Drain/Yoncalla—no response to RFP.
Sylvan—awaiting additional legal opinions.

Pennsylvania

Philadelphia—city is divided into four areas. Area I award to Greater Philadelphia Cablevision. Area II award to Wade Communications. Area III award to Rollins. Area IV award to Comcast 12 84 (each franchise 75,000 homes).

Rhode Island

Naval Education and Training Center—accepting proposals (2,900 homes).
Newport—Area 2 includes Middletown, Portsmouth, Tiverton, Little Compton. Bellevue Cablevision Inc. awarded franchise (29,500 homes).

Virginia

Manassas—negotiating with Cablevision of Manassas.

Washington

Battle Ground—new ordinance drafted. Soliciting interest from operators.
Seattle—city is divided into four parts. Group W, Viacom and Seattle Community Cablevision serve overlapping sections of three parts; part IV is beginning franchising process.

Wisconsin

Hayward—award to Cable TV of Hayward (7,000 homes).
New Glarus—award to Telephone and Data Systems 2 84 (675 homes).
Waterford—award to Total TV 8 84 (1,600 homes).

Source: International Thomson Communications Inc.

Franchising in the top 50 markets

Rank	Market	Status of core city
	New York	Washington, DC (see above)
	Los Angeles	City is divided into three parts (see above)
	Chicago	Area I (see above)
	Philadelphia	Area I (see above)
	San Francisco-Oakland	Area II (see above)
	Boston	DC
	Detroit	DC
	Washington, D.C.	DC
	Cleveland	DC
	Dallas-Ft. Worth	Terminated DC
	Houston	Terminated DC
	Pittsburgh	DC
	Atlanta	DC
	Seattle-Tacoma	City is divided into four parts (see above)
	Minneapolis-St. Paul	DC
	Miami	DC
	St. Louis	DC
	Tampa-St. Petersburg	DC
	Denver	DC
	Baltimore	DC
	Sacramento	DC
	Phoenix	DC
	Hartford	Terminated DC
	New Haven	DC
	Cincinnati	DC
	San Diego	DC
	Kansas City	DC
	Milwaukee	DC
	Nashville	DC
	Cleveland	DC
	Buffalo	DC
	Indianapolis	DC
	New Orleans	DC
	Norfolk	Terminated DC
	Orange County	DC
	New Orleans	DC
	Memphis	DC
	Columbus	Terminated DC
	Providence-New Bedford	Terminated DC
	Salt Lake City	DC
	Rochester	DC
	Portland	DC
	Raleigh-Durham	Terminated DC
	Dallas-Ft. Worth	Terminated DC
	Orlando	Terminated DC
	Salt Lake City	DC
	San Antonio	DC
	Cincinnati	Terminated DC
	Birmingham	DC
	Norfolk-Newport News	Terminated DC
	West Palm Beach-Boca Raton	DC
	Harrisburg-York-Lebanon-Carlisle	Terminated DC
	Wilkes-Barre-Scranton	DC
	Albany-Schenectady-Troy	Terminated DC

Legend

Source: International Thomson Communications Inc.